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INFORMATION REPORT

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SUBJECT Reaction to the Liberalization of Collective Farms

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1. A very high percentage, in some areas up to 95%, of the former type of collective farms established by the Tito regime in Yugoslavia have been decentralized. Still, a relatively large number of collective farms remain in the area north of Belgrade and in Macedonia. Many of the collective farms are composed of areas that were vacated by Italians and wealthy Yugoslavs who were forced out of their holdings after World War II. Most farms that have remained as collectives are those that exist under very favorable conditions and are usually operated with a high degree of mechanization.

- 25X1X 2. During the spring of 1953 [REDACTED] a government agriculturalist located in Celje, Slovenia. He informed [REDACTED] all but one of the collective farms in this area had been recently disbanded. The remaining collective was one that had been colonized by peasants after World War II and had the most favorable opportunities and conditions for survival as a collective. This agriculturalist also stated that the government was sponsoring a program involving state farms which are organized, not as collectives, but as farms on which the laborers and peasants are employed on a wage basis. He said that a state farm so organized was now in the Celje area and was used as an experimental area and for demonstration farming.
3. One problem that confronts the rural peasant is the differences that exist in policies between central and local authorities. Under one law, which was passed around 1950, peasants were given assurance by the central government that they could decide whether their farms should be collectivized or not. Most peasants believe that the central government had decided that

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many collectives then in existence should not continue as such because of their lack of productivity. However, the peasants encountered considerable trouble with local Communists who controlled their areas since the Communists did not want to see collectives breaking up as this act indicated a failure on their part. Local leaders were usually ex-Partisans and, inasmuch as the national government had liberalized its policy concerning collectives, it was a paradox for them to disband collectives while the over-all governmental policy was directed towards communal activity. The reaction of the Communist leaders [REDACTED] in that it appeared that they failed to understand the over-all national policy.

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[REDACTED] the main reason for liberalization of the collective farm policy was just as Tito stated: that the collectives were simply not producing. Tito and his government have now adopted the "voluntary" method of farming in contrast to the forced policy of the USSR. The Tito government has apparently realized that the old conservative peasants did not work out successfully once they were placed in a collective. Many collectives organized by the Tito government turned out to be unprofitable with but a few being satisfactory. Most successful collectives were those operated by people who wanted to see them work and who thought in terms of the end and not the means to the end.

5. The reaction of the individual peasant to the government's relaxation of its controls over collectives was that the peasant believed that it was a defeat for the regime and a defeat for socialism. The peasants viewed the break-up of collective farms as "socialism has been tried and doesn't work". Most peasants are very conservative and the failure of collectives has made them suspicious and cautious of any new methods of agriculture such as the use of mechanized farm equipment. The Tito government itself has admitted that some of the collectives were mistakes but then tried to minimize this statement. After the liberalization of the government's policy there was a flood of peasants endeavoring to break out of the collectives, most of whom had harbored pent-up desires to recover their former land. The large number of peasants who wanted to leave collectives surprised the government which did not expect very many to go. As a result the Tito government decided that it must take steps to organize a better type of collective, to inaugurate a different system of operating the collectives, to increase the scope of collective activities and to set up other measures. One example of the proposed changes is the expansion of the collectives' program to cover more than just the buying and selling of farm products.
6. Due to the 1952 drought the Yugoslav government entered into contracts with the peasants which provided for producers to sell their products in advance at a rate above a price which the government would establish at a later date. After sufficient contracts are entered into the government then establishes the contractual price and also imports additional grain to be sold at lower than the contractual price. This is done to demonstrate to those peasants unwilling to contract with the government that it is to their advantage to do so as they are forced to sell their products at lower than the prevailing price. Another feature of this program is that it insures the delivery of a definite amount of produce. The government itself does not interfere with the peasants as to the distribution of their products; however, the government does impose all types of limitations so that the peasants realize that the government does have the final word over their production.

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